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Current Business Situation

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In February recovery from the late 1926 recession which began in January became more evident. Preliminary figures indicate an increase of one point in the manufactures index, two points in the minerals index, and one point in the combined index. These increases, furthermore, seem to have been fairly general, the only decreases noted in the products shown on the attached table being in silk, lumber, anthracite, copper and zinc. The iron and steel industry show<sup>ed</sup> a notable increase and trade reports for March indicate a continuation of production at a high rate. The price decline in iron and steel seems to have been definitely checked but the volume of buying although fairly well maintained seems to be largely for immediate delivery and contracts for the future are small despite the fact that the second quarter begins within a couple of weeks. Bituminous coal production continues in enormous volume and, despite the large stocks accumulated, with the approach of April 1 at which time the strike is almost certain to take place, prices seem to have strengthened somewhat. The anthracite market on the other hand is dull and price reductions effective March 15 and April 1 have been announced. Final automobile production figures for the United States in February show an output of 298,359 passenger cars and trucks as compared with the estimate given last week of 300,000. (This figure is to be released Monday). Detroit employment continues to show increases of about 1000 a week but is still something over 40,000 less than last year. Employment for the week ending March 16 totals 227,613, therefore the decrease from a year ago is

about 16 per cent.

Figures for freight car loadings for the week ending March 5 were substantially larger than in the corresponding week of last year and all the increase was not due to coal. This increase is particularly significant because it was in that week of last year that the big advance in car loadings began owing partly to the end of the anthracite strike. Building contracts for the first 11 days in March were in practically the same volume as in the corresponding period of last year. They seem to be showing the usual seasonal increases. The large contracting last Spring, however, was in the last half of March and the first half of April.

The index of non-agricultural prices in February fell below the previous pre-war low point. Agricultural products advanced in price owing again largely to increases in livestock and their products. Clothing materials also show general increases but fuels, metals, and building materials declined by substantial amounts. Our weekly index for March 11 reached practically the low point of 1924, and during the past week cotton and wheat seem to have declined further. The price drop has apparently not yet been checked.

Employment and payrolls increased substantially in February offsetting the unusually large decrease in January. The indexes, however, remain lower than a year ago.